

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED - FCC

SEP 10 2015

**Federal Communications Commission
Bureau / Office**

In the Matter of)

Application of Alteva, Inc. and MBS Holdings, Inc.)

For Consent to the Transfer of Control of)

Licenses and Authorizations)

IB Docket No. _____

WCB Docket No. _____

JOINT APPLICATION

I. Introduction

A. Summary of Transaction

Alteva, Inc. ("Alteva"), a New York corporation ("Transferor") and MBS Holdings, Inc. ("MBS"), a Delaware corporation ("Transferee," and together with Alteva, the "Applicants"), hereby request consent pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, and Sections 63.03, 63.04, 63.18, and 63.24 of the Commission's rules, 47 C.F.R. §§ 63.03, 63.04, 63.18, and 63.24, to transfer control of Alteva's carrier subsidiaries to MBS. As described in more detail below, a newly created MBS subsidiary will merge with and into Alteva, with Alteva continuing as the surviving corporation. The transaction will transfer control of Alteva's operations, including its carrier affiliates, to MBS. The entities controlled by Alteva include a subsidiary that holds international Section 214 authorization and another that relies on blanket domestic Section 214 authorization under Section 63.01 of the Commission's rules, 47 C.F.R. § 63.01.

Consistent with Section 63.04(b) and Commission practice, the Applicants have consolidated their request for Commission consent to the transaction into a single application, and are submitting separate filings for the international and domestic licenses that Applicants

seek to transfer. This narrative provides the information required by Sections 63.03, 63.04, 63.18, and 63.24 of the Commission's rules.

B. Description of the Applicants

i. Alteva, Inc.

Alteva, Inc. is a public corporation organized under the laws of New York State, with its corporate headquarters in Philadelphia, Pennsylvania. Through its wholly owned subsidiary, Alteva of Warwick, LLC ("Alteva of Warwick"), Alteva operates as the incumbent local exchange carrier ("ILEC") in the contiguous towns of Warwick, Goshen and Wallkill, New York, and the adjacent townships of West Milford, Vernon, and Franklin Borough, New Jersey. Alteva's ILEC operation serve approximately 9,553 business and residential customers, with approximately 10,575 access lines in service as of December 31, 2014. Alteva also offers its local exchange customers broadband services (via xDSL), as well as a package of satellite video services via an arrangement with DirecTV.

Alteva's ILEC service area is primarily rural, with an estimated population of less than 50,000. Alteva is a rural telephone company under 47 U.S.C. § 153(44).

Alteva of Warwick also operates as a competitive local exchange carrier ("CLEC") in Middletown and Scotchtown, New York, and Vernon, New Jersey, serving approximately 500 business and residential customers via its CLEC operations.

Another affiliate, Alteva Long Distance, Inc. ("Alteva-LD"), provides domestic interstate and intrastate interexchange and international telecommunications services to approximately 8,575 customers in New York and New Jersey. Alteva-LD holds international Section 214 authority, as described below.

Other Alteva affiliates provide voice over Internet protocol (“VoIP”) and other enhanced communications services to business and residential customers around the country. These affiliates contribute to the federal universal service fund and comply with other Commission regulations, as appropriate, but are not subject to oversight under Section 214 of the Act and are therefore not parties to this application.¹

ii. MBS Holdings

MBS has two CLEC affiliates: Momentum Telecom (“Momentum”) and ALEC, LLC (“ALEC”). Momentum has authority to operate as a CLEC in the following states: Alabama, Arkansas, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Mississippi, Nebraska, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Texas. Momentum also holds Section 214 authority to provide international telecommunications services. *See* ITC-214-20081400480.

ALEC has authority to operate as a CLEC in the following states: Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Nebraska, Nevada, New Jersey, New York, North Carolina, Ohio, South Carolina, Tennessee, Texas, Washington, and Wisconsin.

Under the trade name Momentum Telecom, Momentum is a leading provider of wholesale hosted VoIP and unified communications services and serves as the wholesale “CLEC partner”² and broadband system manager to Tier II and Tier III cable providers. Momentum currently supports approximately 400 cable operators, broadband providers and

¹ These non-telecommunications carrier affiliates are: (1) Alteva Hometown, Inc. (FRN 0006651244, Spin No.: 143016357) and Alteva Solutions, Inc. (FRN 0021463815, Spin No.: 143047947).

² *E.g., Numbering Policies for Modern Communications*, Notice of Proposed Rulemaking, Order and Notice of Inquiry, 28 FCC Rcd. 5842, ¶ 45 (2013).

reseller partners, manages more than one million high-speed data modems and powers over 130,000 voice lines around the country.

C. Description of the Transaction

Pursuant to an Agreement and Plan of Merger executed on September 2, 2015, MBS and Alteva are planning a transaction in which, among other things, MBS, through a wholly-owned subsidiary, will acquire 100% of the outstanding equity of Alteva. As a result of the transaction, Alteva will become an indirect, wholly-owned subsidiary of MBS. The Alteva licensees, however, will continue to operate as is, offering the same services at the same rates, terms and conditions as they do currently, subject to investments and improvements to be made in the months and years to come. There are currently no plans to merge Alteva of Warwick or Alteva-LD into MBS's local exchange carrier affiliates. Accordingly, the transaction will be seamless and transparent to Alteva's customers, who will continue to receive uninterrupted service from Alteva. A post-transaction organization chart showing the relationship between the Applicants is attached as an exhibit.

The proposed transaction is in the public interest. MBS is an excellent partner for Alteva. In addition to its ILEC operations, Alteva is a leading provider of hosted Unified Communications as a Service ("UCaaS") that enhances business productivity and efficiency. Focused on serving the needs of small, medium, large and enterprise businesses that require the highest quality voice and integrated business productivity applications, Alteva's UCaaS solution integrates and optimizes best-in-class cloud-based technologies and business applications to deliver a comprehensive voice, video and collaboration service for the office and mobile workforce. Alteva's retail-focused business merged with Momentum's

national carrier presence and wholesale operational platform will make a formidable combination.

Alteva's local telephone business has experienced financial pressure in recent years. Like other traditional telephone companies, Alteva has experienced declines in access lines as customers have migrated towards cellular and VoIP providers for telephone services. And Alteva faces significant competition from the local incumbent cable provider in its New York and New Jersey service territories. Despite these trends, MBS is committed to Alteva's local telephone business and believes that its experience and resources will enable Alteva to compete more effectively than it has in the recent past. In addition to improving Alteva's balance sheet, MBS's experience as a wholesale service partner to retail broadband providers should enhance Alteva's service offerings. MBS is also prepared to invest significantly in Alteva's broadband network and will be bringing in hosted PBX and other advanced hosted communications applications to businesses across both New York and New Jersey.

MBS's strategic acquisition of Alteva will enhance both companies' business strategies and position in a highly competitive market and will strengthen their ability to compete against other well-established and well-financed competitors.

The transaction will serve the public interest by resulting in a combined enterprise that can achieve greater economies of scale and scope than would otherwise have been the case. By merging the operations of Alteva with those of MBS, the transaction will enable the combined company to respond more rapidly to the needs of consumers and provide consumers with a full portfolio of competitive communications services.

The proposed transaction will not involve a change in the entities – Alteva of Warwick and Alteva-LD – actually providing regulated telecommunications services, nor will it change

any of the rates, terms or conditions of service. All existing tariffs, if any, will remain in place. Accordingly, this transaction will be transparent to Alteva's customers, as well as the general public.

D. Request for Streamlined Processing

Applicants respectfully submit that this application is eligible for presumptive streamlined processing for the following reasons:

1. The domestic portion of this application is eligible for streamlined processing under Section 63.03(b)(2)(ii) because none of the MBS licensees provide service in the geographic area where Alteva of Warwick is a dominant carrier. 47 CFR § 63.03(b)(2).

2. The international portion of this application is eligible for streamlined processing under Section 63.12 because Alteva-LD, the licensee holding International 214 Authority, is a non-facilities based reseller that lacks market power and is not affiliated with any foreign carrier. *See* 47 CFR § 63.12(a).

In support of this Application, the Applicants respectfully submit the following information:

II. INFORMATION REQUIRED BY SECTION 63.24 OF THE COMMISSION'S RULES

In accordance with 47 C.F.R. § 63.24(e)(2), the Applicants submit the following information requested in 47 C.F.R. §§ 63.18(a)-(d) for MBS and Alteva, and the information requested in 47 C.F.R. § 63.18(h) through (p) for MBS:

(a) Name, address, and telephone number of each applicant:

Transferor

Alteva, Inc.
400 Market Street
Suite 1100
Philadelphia, PA 19106
(877) 258-3722

FRN: N/A

Alteva Licensees

Alteva of Warwick, LLC
47 Main Street, P.O. Box
Warwick, NY 10990-0592
(845) 986-8808

FRN: 0022150361

Alteva Long Distance, Inc.
47 Main Street, P.O. Box
Warwick, NY 10990-0592
(845) 986-8808

FRN: 0004272118

Transferee

MBS Holdings, Inc.
880 Montclair Road, Suite 400
Birmingham, Alabama 35242
(205) 978-6035

FRN: 0023247638

MBS Licensees

Momentum Telecom, LLC
880 Montclair Road, Suite 400
Birmingham, Alabama 35242
(205) 978-6035

FRN: 0005075403

ALEC, LLC
880 Montclair Road, Suite 400
Birmingham, Alabama 35242
(205) 978-6035

FRN: 0017091562

(b) Alteva is a corporation organized under the laws of New York. MBS Holdings is a corporation organized under the laws of Delaware.

(c) Correspondence concerning this Joint Application should be addressed to:

For Transferor:

Brian Callahan
Chief Financial Officer
400 Market Street
Suite 1100
Philadelphia, PA 19106
(215) 789-4040

with copies to:

William K. Mosca, Jr.
Bevan, Mosca & Giuditta, P.C.
222 Mount Airy Road, Suite 200
Basking Ridge, NJ 07920
(908) 753-8300

For Transferee:

Matthew G. Conroy
Chief Financial Officer
MBS Holdings, Inc.
2700 Corporate Drive, No. 200
Birmingham, AL 35242
(205) 978-4400

Richard Richardson, Esq.
General Counsel
Momentum Telecom, Inc.
2700 Corporate Drive, No. 200
Birmingham, AL 35242
(205) 978-4400

with copies to:

Michael C. Sloan
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW
Eighth Floor
Washington, DC 20006
(202) 973-4227

(d) Alteva's wholly owned subsidiary Alteva-LD holds international Section 214 authority to provide international telecommunications services between the United States and

international points. *See* FCC File No. ITC-214-1993102200192. Alteva-LD also provides domestic, interstate interexchange service pursuant to blanket domestic Section 214 authorization under Section 63.01 of the Commission's rules. In addition, Alteva of Warwick, Alteva's local exchange carrier affiliate, is authorized to provide interstate telecommunications services to its customers in New York and New Jersey pursuant to blanket domestic Section 214 authorization under Section 63.01 of the Commission's rules.

MBS's affiliate, Momentum Telecom, also holds international Section 214 authority. *See* FCC File No. ITC-214-20081400480. Likewise, both Momentum Telecom and ALEC provide domestic telecommunications services pursuant to blanket domestic authority under Section 63.01 of the Commission's rules.

(e) – (g) – Not applicable.

(h) Ownership of the Applicants:

Alteva, Inc. is a publicly held corporation. The following entity owned 10 percent or greater of the outstanding common stock of Alteva, Inc. prior to the transaction:

- North Star Investment Management Corporation ("North Star Investment"), a Delaware corporation. North Star Investment is a registered investment advisor which is wholly-owned by North Star Financial Services Corp., also a Delaware corporation. North Star Investment provides investment advisory services to public mutual and private investment funds ("Funds") and accounts held by corporations, individuals and others (the "Separately Managed Accounts"). The shares of Alteva, Inc. purchased on behalf of the respective Funds were purchased with monies obtained by the Funds through capital contributions from investors in the Funds. The Shares purchased on behalf of the Separately Managed Accounts were purchased with personal funds of the account holders. North Star Investment is the beneficial owner (as defined in rule 13d-3 under the Securities Exchange Act of 1934, as amended) of a total of 611,012 Shares, representing approximately 10.2% of the shares of the common stock outstanding on August 7, 2015. No individual Fund investor or holder of a Separately Managed Account beneficially owns (as defined in rule 13d-3 under the Securities Exchange Act of 1934, as amended) 10 percent or more of the common stock of Alteva, Inc. The address for North Star Investment and North Star Financial Services Corp. is 20 N. Wacker Drive, Suite 1416, Chicago, IL 60606. The foregoing information regarding North Star Investment and its ownership of Alteva common shares is based solely on

North Star Investment's Schedule 13D/A filed with the U.S. Securities and Exchange Commission on August 27, 2015.

- No other individual or entity has a ten (10) percent or greater direct or indirect ownership interest in the transferor, Alteva, Inc.

The following entities and individuals will have a ten (10) percent or greater direct or indirect ownership interest in the transferee, MBS Holdings, Inc., at the time the proposed transaction is consummated:

- The Estate of William W. Featheringill will own 14.5% of the total preferred equity of MBS Holdings, Inc. Carolyn Featheringill, a US citizen, is the Trustee of the Estate of William W. Featheringill. The address for Carolyn Featheringill is 3211 Pine Ridge Road, Birmingham, AL 35213.
- Featheringill Investment Group, LLC, an Alabama limited liability company located at 880 Montclair Road, Suite 400, Birmingham, AL 35213, will own 12.4% of the total preferred equity of MBS Holdings, Inc. Featheringill Investment Group, LLC is controlled by Carolyn Featheringill, a US citizen. The address for Carolyn Featheringill is 3211 Pine Ridge Road, Birmingham, AL 35213.
- Ramsey Management LLC, an Alabama limited liability company located at 3211 Pine Ridge Road, Birmingham, AL 35213, will own 11.8% of the total preferred equity of MBS Holdings, Inc. Ramsey Management LLC is controlled by Carolyn Featheringill, a US citizen. The address for Carolyn Featheringill is 3211 Pine Ridge Road, Birmingham, AL 35213.
- Pharo Investment Group, LLC, an Alabama limited liability company located at 13 Peachtree Street, Birmingham, AL 35213, will own 11.1% of the total preferred equity of MBS Holdings, Inc. Pharo Investment Group, LLC is controlled by Elizabeth Pharo, a US citizen. The address for Elizabeth Pharo is 13 Peachtree Street, Birmingham, AL 35213.
- No other individual or entity will have a ten (10) percent or greater direct or indirect ownership interest in the transferee, MBS Holdings, Inc., at the time the proposed transaction is consummated.

(i) MBS certifies that it is not a foreign carrier in any country, nor is it affiliated with any foreign carrier.

(j) MBS certifies that it does not seek to provide international telecommunications services to any destination country to which 47 C.F.R. § 63.18(j)(1) through (j)(4) applies.

(k)-(m) Sections (k) through (m) of 47 C.F.R. § 63.18 are not applicable to MBS because it is not affiliated with any foreign carrier.

(n) MBS certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) MBS certifies, pursuant to 47 C.F.R. §§ 1.2001 through 1.2003, that no party to this Joint Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(p) The Applicants are requesting streamlined processing for the reasons explained in Section I.D above.

III. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES

In accordance with Section 63.04(b) of the Commission's rules, 47 C.F.R. § 63.04(b), which specifies the contents required of joint international and domestic Section 214 transfer of control applications, in addition to the information required in international Section 214 applications by 47 C.F.R. § 63.18, the Applicants submit the following information requested by 47 C.F.R. §§ 63.04(a)(5) through (a)(12):

(5) Certification pursuant to §§ 1.2001 through 1.2003 of this chapter that no party to the application is subject to a denial of Federal benefits pursuant to section 5301 Anti-Drug Abuse Act of 1988.

Applicants certify, as evidenced by the signatures in the attached certifications, that no Applicant is subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998.

(6) Description of the transaction.

The proposed transaction is described in Section I, above.

(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area.

See Section I.B above.

(8) Statement as to how the application fits into one or more of the presumptive streamlined categories in this section or why it is otherwise appropriate for streamlined treatment.

See Section I.D, above.

(9) Identification of all other Commission applications related to the same transaction.

None, besides this joint application to the International Bureau and Wireline Competition Bureau.

(10) Statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure.

The Applicants are not requesting such special consideration of this Joint Application.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction.

There are no separately filed waiver requests being sought in connection with the proposed transaction.

(12) Statement showing how grant of the application will serve the public interest, convenience, and necessity.

Grant of this Joint Application will serve the public interest, convenience, and necessity, as discussed in Section I.C., above.

VI. CONCLUSION

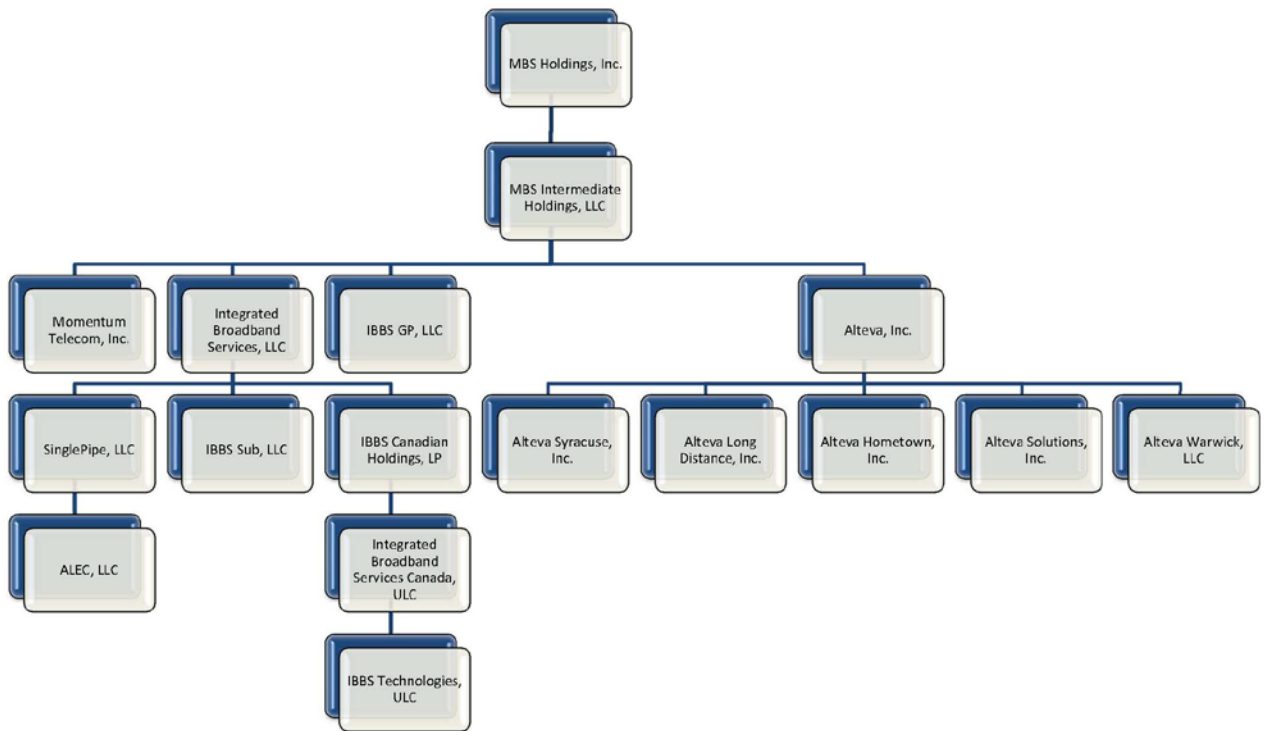
For the reasons stated above, Applicants respectfully submit that the public interest, convenience and necessity would be furthered by a grant of this application for the transfer of control of Alteva to MBS.

Respectfully submitted,

<i>/s/ Michael C. Sloan</i> <hr/> Michael C. Sloan Davis Wright Tremaine LLP 1919 Pennsylvania Avenue NW Suite 800 Washington, DC 20006-3401 Tel: (202) 973-4227 michaelsloan@dwt.com Counsel to MBS Holdings, Inc.	<i>/s/ William K. Mosca, Jr.</i> <hr/> William K. Mosca, Jr. Bevan, Mosca & Giuditta, P.C. 222 Mount Airy Road, Suite 200 Basking Ridge, NJ 07920 Tel: (908)753-8300 wmosca@bmgzlaw.com Counsel to Alteva, Inc., Alteva of Warwick, LLC and Alteva Long Distance LLC
--	--

EXHIBIT

Pro Forma Structure Chart



CERTIFICATIONS

CERTIFICATION

I, Brian H. Callahan, state that I am Executive Vice President, Chief Financial Officer, Corporate Secretary and Treasurer of Alteva, Inc., that I am authorized to make this certification on behalf of Alteva, Inc. and its affiliated licensees, and that the contents of the foregoing application with respect to Alteva, Inc. are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct.



Date: 9/8/15

CERTIFICATION

I, Matthew G. Conroy, state that I am Chief Financial Officer of MBS Holdings, Inc., that I am authorized to make this certification on behalf of MBS Holdings, Inc., and that the contents of the foregoing application with respect to MBS Holdings, Inc., are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct.



Matthew G. Conroy
Chief Financial Officer
MBS Holdings, Inc.

Date: 9/8/2015